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ASSOCIATES IN NEPHROLOGY, S.C.

NEPHROLOGY AND HYPERTENSION

210 South Des Plaines Street
Chicago, Illinois 60661
(312) 654-2720

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MARK KRAUS, M.D.

December 19, 2017

Ms. Kathryn Olson
Chairwoman
Illinois Health Facilities and Services Review Board
525 West Jefferson, 2nd Floor
Springfield, Illinois 62716

Re: Opposition to Project #17-029 Melrose Village Dialysis; Applicants: DaVita, Inc.
and DuPage Medical Group, LTD.

Dear Ms. Olson and Members of the Board,

I am writing as the Clinical Operations Director for Associates In Nephrology (AIN), and I am opposed to Project #17-029 Melrose Village Dialysis (a proposed Joint Venture between DaVita, Inc. and DuPage Medical Group, Inc.). Our opposition is based on the fact that this proposed dialysis facility does not provide any new services and only duplicates services as well has a negative impact on other providers.

We know the Melrose Park area well because we are already providing services to patients in the community. One of the physicians in AIN, Dr. Constantine Delis is the Medical Director at the Fresenius Medical Care Melrose Park Dialysis Center located at 1111 Superior

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Street, Melrose Park, IL 60160. The new proposed facility would be located a mere 3 miles from this existing 18 station facility.

Our Melrose Park Dialysis Center is located on the Westlake Hospital professional building and the facility is currently providing services for 73 patients in an 18 station facility, yielding a utilization of 67.5%. The applicants use information from two physicians in the area Dr. Osvaldo Wagener and Dr. Rajani Kasuri in their application in an attempt to justify this proposed facility. The doctors state they anticipate 68 patients under their care to begin dialysis within 12-24 months. This information demonstrates that there is enough capacity to accommodate both of the doctor's patients at existing facilities. With the current Melrose Park facility at 67.5% utilization, surrounding facilities also with excess capacity, and natural attrition of patients over the next 24 months there is plenty of availability without having to add another dialysis center in HSA 7. Approving new stations would be the exact opposite of the result designed by the Certificate of Need process.

The HSFSRB should know that the Fresenius Melrose Park facility has an open medical staff policy. Many of the physicians referenced in the application have privileges at the Melrose Park facility and regularly admit and follow their patients providing them with quality services. Approval of this proposed project would directly support the applicant's attempt to abscond with our patients.

The applicants have also submitted 4 other projects (in addition to this one) all within HSA 7. They propose to flood the market with 60 new stations in HSA 7 alone. When you have an infusion of private equity funding, you certainly have the resources to buy your way into the market – but the Certificate of Need Board exists to prevent that from happening when it will adversely disrupt healthcare delivery. That is exactly what will happen if these projects are approved. We have been serving this community for years and understand its needs better than most. The addition of 60 unnecessary stations in HSA 7 will have a detrimental impact on other area providers. It is hard enough for independent providers to exist in this marketplace and in this industry – but giving another Goliath 60 beds could prove to be the straw that breaks the camel's back. The Board raised several serious issues at their September 2017 meeting when these other four projects were considered and all received intent to deny. The Melrose Park Village application has all the same inadequacies that those projects had and more. The idea of bringing all these stations online at once is at best poor planning and at worst outright recklessness.

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Thank you for the opportunity to express my opposition to this project. I respectfully ask the Board to consider my concerns when reviewing Project #17-029 Melrose Village Dialysis and vote to deny approval of this project.

Sincerely,

A handwritten signature in cursive script that reads "Jill Jaksich, RN". The signature is written in black ink and is positioned above the printed name.

Jill Jaksich, RN
Clinical Operations Director
Associates in Nephrology, SC

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525 West Jefferson, 2nd Floor
Springfield, Illinois 62716

Re: Opposition to Project #17-029 Melrose Village Dialysis; Applicants: DaVita, Inc.
and DuPage Medical Group, LTD.

Dear Ms. Olson and Members of the Board,

I am writing on behalf of Associates in Nephrology (AIN) in opposition to project #17-029 Melrose Village Dialysis based on the Unnecessary Duplication/Maldistribution of Service, Impact on other providers, and Lack of need in the surrounding Melrose Park community. This application will have an enormous effect on existing providers in the area and on costs.

We understand the HFSRB exists to manage the orderly and economic development of health care facilities throughout the state, contain costs, and ensure need is being met in Illinois. This mission fits squarely with recent changes in healthcare reimbursement. This application fails to meet both the spirit of the HFSRB mission but also the letter of the law governing the state's planning process.

Past performance will show that there is excess capacity in HSA 7, and that AIN, along with other partners, are taking part in an innovative project to drive down costs in dialysis care without compromising quality care. Approving this project would undermine those efforts.

The proposed application uses patients coming from two physicians as justification for this new facility. However, nearly half of the current Melrose Park facility patient census of 75 ESRD patients already receives care from the same physicians who are pledging support to the proposed project. With 75 patients the existing Melrose Park Facility is only at 67.5% utilization and there is ample room to accommodate more patients. The doctors mentioned in the proposed application are not a part of AIN and therefore do not maintain any ownership in the existing facility. This plot by the applicants and these physicians to remove these patients from facilities where they already are receiving quality care to another facility down the block to increase their bottom line is disgraceful and affront to the HFSRB planning process. The goal of the CON process is to better utilize existing facilities in lieu of creating unnecessary new facilities that will divert patients from existing providers and have an adverse impact upon the already committed providers within the community. Approval of this project would deplete the patient census at the existing facility to half or less of the current census, thereby putting the existing facility in danger of not being able to continue operating.

As you know dialysis care is largely reimbursed through the federal Medicare program, making the role the HFSRB plays in approving dialysis facilities that much more important. We pride ourselves on never compromising the quality of care we give patients but we are always cognizant of what we are billing tax payers for this care. One of the most significant innovations in dialysis care cost containment has been the creation of single-specialty Accountable Care Organizations called ESRD Seamless Care Organization (ESCO). There is only one approved ESCO in the Chicagoland area and we along with several other providers are a part of it. The ESCO is an outcome-based shared-savings program which has shown to reduce cost and improve care outcomes for ESRD facilities.

The existing Melrose Park facility is a participating facility in the ESCO while all of the DaVita facilities in Illinois, including the proposed facility, have elected not to participate in the ESCO program. We do not understand what would drive an organization to opt out of a program that is designed to save money and improve care, but it is disingenuous for them to then turn to the CON Board for protection of their bottom line at the expense of those protecting access to care for underserved communities. For AIN it was an easy decision to join the Chicagoland ESCO because our bottom line has always been our patients.

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We are concerned that the approval of the unneeded DaVita facility will diminish the cost-savings and patient care advances made in the ESCO by removing many patients, and possibly the existing Melrose Park clinic entirely, from the ESCO program. We view this loss of patient ESCO participation as a step backward in the progression of care to ESRD patients.

For the above reasons, we ask that you deny the Melrose Park CON application by DaVita.

Sincerely,

A handwritten signature in black ink, appearing to read "Aaron Seret", followed by a horizontal line extending to the right.

Aaron Seret
Patient Accounts Manager
Associates in Nephrology, SC

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and DuPage Medical Group, LTD.

Dear Ms. Olson and Members of the Board,

I am writing on behalf of Associates in Nephrology (AIN) in opposition to project 17-029 Melrose Village Dialysis. There is no doubt that approving these projects would have a detrimental impact on existing providers in the health service area, but more importantly it would disrupt and harm the quality of care patients are receiving in the area. This application, along with the other five applications filed by the applicant and currently pending before the Board, underscores the applicant's fundamental misunderstanding of the concept of health planning – or a disregard for the process and the patients to the benefit of its profits.

There are currently two ESRD Facilities within 3 miles of the proposed Melrose Village Dialysis project, and both of the existing facilities are underutilized by the state's standards.

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The patients of two of the physicians who allege they will refer to the proposed facility already have privileges at existing facilities and their patients make up almost 50% of the patients at one of the nearby facilities. This means the project will absolutely be taking existing patients from existing providers, something not supported by the rules. This application is the clearest sign yet that the applicant's entire model is premised on taking patients from area facilities with no regard for the HFSRB and their planning process. If this project is approved the HFSRB would set the stage for the failure and underutilization of three total facilities in the immediate three-mile area. It is the antithesis of what the CON program was designed to do.

When you look at the application for the proposed facility along with your own annual reports you can see that there simply are not enough patients to justify another facility in this immediate community. Your rules require applicants to document that there will not be maldistribution of services by identifying the caseload necessary which will: 1. Justify a new facility, and 2. not lower the utilization of other area providers. The HFSRB estimates that there is a statistical need in HSA 7 in five years but this planning area is huge, and while new stations may be needed somewhere in the HSA, they are not needed in Melrose Park.

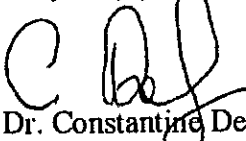
The impact of three underutilized facilities within such a close proximity to each other will only increase costs to the Medicare program. You know from your own annual reports that the Medicare program reimburses dialysis treatment for well over 90% of the patient population who receive this treatment. Our number one goal at AIN is and always will be to deliver the highest quality patient care we can. We have been at the forefront of innovation in Nephrology care over the past several years and we know that in order to be successful in this line of care you must work be willing to work with all area providers and always put the patient first.

This lesson is what led us to partner with several other Nephrology groups throughout the Chicagoland region to share best practices and work to reduce costs to the Medicare program. This first of its kind partnership also known as the ESRD Seamless Care Organization (ESCO), has already proven to be a success. The Chicago ESCO stands ready, willing, and able to continue growing our partnerships even when that means working with competitors. However, the applicants have made clear that they have no intention of working with the Chicago ESCO because it doesn't benefit their bottom line. This is what private equity fueled healthcare looks like – and the CON program was created to protect against this.

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Health planning is essential to the equitable and just distribution of healthcare services in a community. Boards like the HFSRB exist to safeguard that ideal. You do not improve access to care by flooding a community with dialysis stations that won't be filled. You improve access to care through careful planning and ensuring that existing providers can successfully operate and provide care to this vulnerable patient population. You certainly don't innovate by refusing to reduce costs to the Medicare program and by instituting electronic medical records five years too late. You innovate by working with your competitors, joining the Chicago ESCO to reduce costs, and always putting patients first.

Very truly yours,

A handwritten signature in black ink, appearing to read 'C. Delis', written over the typed name.

Dr. Constantine Delis, D.O.
Medical Director-Melrose Park Westlake Dialysis Facility
Associates in Nephrology, SC